

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: May 15, 2008

AT (OFFICE): NHPUC

FROM: Maureen L. Reno, ^{MLR}
Utility Analyst _{ZLF}

SUBJECT: DE 08-024, Pinetree Power Inc. Bethlehem Facility Application for Class III Eligibility Pursuant to RSA 362-F. Staff recommendation for conditional approval of application.

TO: The Commissioners and
Debra A. Howland, Executive Director and Secretary

CC: Tom Frantz, Director of the Electric Division, and
Suzanne Amidon, Staff Attorney



Summary

On February 11, 2008, Pinetree Power, Inc. submitted an application requesting the Commission grant conditional approval of its Bethlehem Biomass Facility (Bethlehem Facility) to produce Class III Renewable Energy Certificates (RECs) pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard Law. Class III eligibility requires a facility to produce electricity from either eligible biomass technologies having a gross nameplate capacity of 25 megawatts (MWs) or less, or methane gas, provided the source began operation prior to January 1, 2006. According to the applicant, the facility uses biomass fuels as defined in RSA 362-F:2, II including clean and untreated wood such as brush, stumps, lumber ends and trimming, wood pellets, bark, wood chips, wood pellets, shavings, and slash.

PSA 362-F:11, III provides that the Commission certify a biomass facility on a conditional basis, the condition being the receipt of nitrogen oxide (NO_x) and particulate matter test results. The reason the statute has this provision for biomass facilities is based on the length of time it may take the Department of Environmental Services (DES) to file the report, which may take up to 60 days. In the case of the Bethlehem facility, testing was completed on March 28, 2008, and if the facility meets the emissions standards pursuant to RSA 362-F, it would qualify to produce RECs for the second quarter of 2008. Moreover, as soon as DES files the emissions report with the Commission, the Commission has only 10 days to designate a facility as eligible to produce Class III RECs. Therefore, conditional approval at this time would help expedite the approval process once the emissions testing results are filed with the Commission.

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At this time, the Commission has not received the emission test results from DES. Otherwise, the Bethlehem Facility meets the eligibility requirements under RSA 362-F:4, III. The applicant has provided all the necessary documents to receive conditional certification as a Class III facility. Based on my review of its application, I recommend that the Commission conditionally certify the Bethlehem Facility a Class III Facility, subject to receiving emission standard approval from DES.

Analysis

The Bethlehem Facility is a biomass facility that uses biomass fuels as defined in RSA 362-F:2, including clean and untreated wood such as brush, stumps, lumber ends and trimming, wood pellets, bark, wood chips, wood pellets, shavings, and slash. The Bethlehem Facility is located at 1241 Whitefield Road Bethlehem, NH 03574 and has a gross nameplate capacity of 17.1 MW. The initial commercial operation date was December 24, 1986. The facility's ISO-New England asset identification number is MSS 337.

RSA 362-F:2, VII defines eligible biomass technologies as generating technologies that use biomass fuels as their primary fuel, provided that the generation unit has a quarterly average NO_x emission rate of less than or equal to 0.075 pounds per million British thermal units (lbs/Mmbtu), and an average particulate matter emission rate of less than or equal to 0.02 lbs/Mmbtu as measured and verified under RSA 362-F:12. Currently the facility's permitted NO_x emissions rate is 0.3 lbs/Mmbtu and a permitted particulate matter emissions rate of 0.03 lbs/Mmbtu.

The Bethlehem facility operates under a Title V air permit (permit number TV-OP-019) issued by DES on October 17, 2005, which is valid through October 31, 2010. Pinetree Power, Inc. applied for a revised Title V air permit on November 19, 2007, which was reissued on March 17, 2008. In order to meet the emissions limits in RSA 362-F:2, VII, the applicant has installed four different NO_x reduction technologies that include overfire air, flue gas recirculation, selective non-catalytic reduction and selective catalytic reduction systems. The applicant currently uses a multicyclone and an electrostatic precipitator to control particulate matter emissions. The applicant conducted and completed its stack testing for New Hampshire RPS eligibility on March 28, 2008. DES has not submitted to the Commission these stack test results and whether such results meet the requirements of RSA 362-F:2, VII. On March 12, 2008, DES submitted a letter to the Commission stating that it has reviewed Pinetree Power, Inc.'s application to be certified as a Class III renewable energy source and recommends that the Commission grant conditional approval to the Bethlehem Facility.

Pursuant to the N.H. Code Admin. Rule Puc 2500, the applicant is also required to provide proof of an approved interconnection study. The applicant submitted the original interconnection study under Docket No DR 86-028 as Attachment B to its filing. The

study was performed to determine the impact of the Bethlehem Facility on the Public Service Company of New Hampshire transmission system.

The Bethlehem Facility is currently certified as a Class II generator in Connecticut and has applied for Connecticut Class I status on October 10, 2007. The Connecticut Department of Utility Control has instructed the applicant to reapply for certification as a Connecticut RPS Class I generator after it collects the quarterly emissions data necessary for certification in that state.

Recommendation

Aside from the stack testing results from DES, the Pinetree Power, Inc. application for the Bethlehem Facility was completed pursuant to Puc 2505.02 on March 24, 2008. Staff recommends that the Commission grant the Bethlehem Facility conditional approval for Class III eligibility pursuant to RSA 362-F effective March 24, 2008 because it meets the requirements for a Class III facility and its application has provided all the necessary information and documentation demonstrating that the Bethlehem Facility meets Class III eligibility subject to DES approval of emissions standards.